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1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK  
3 -----x

4 UNITED STATES OF AMERICA,

5 v.

17 CR 630-3 (ER)

6 KONSTANTIN IGNATOV,

7 Defendant.  
-----x

8 New York, N.Y.  
9 June 28, 2019  
10 2:00 p.m.

11 Before:

12 HON. EDGARDO RAMOS,

13 District Judge

14 APPEARANCES

15 GEOFFREY S. BERMAN,  
16 United States Attorney for the  
17 Southern District of New York  
18 CHRISTOPHER DiMASE, Assistant United States Attorney  
19 JULIETA V. LOZANO, Special Assistant United States Attorney,  
20 Manhattan District Attorney's Office

21 JEFFREY HARRIS LICHTMAN  
22 JEFFREY BENSON EINHORN  
23 Attorneys for Defendant

24 ALSO PRESENT: ELON SCHMIDT SWARTZ, Intern with AUSA

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1 (In open court)

2 (Case called)

3 MR. DIMASE: Yes, good afternoon, your Honor.

4 Christopher Dimase for the government. I'm joined at counsel  
5 table by Special Assistant United States Attorney Julieta  
6 Lozano from the Manhattan DA's office, and an intern from our  
7 office for the summer, Elon Schmidt Swartz.

8 THE COURT: Good afternoon.

9 MR. LICHTMAN: Jeffrey Lichtman and Jeffrey Einhorn  
10 for defendant, Mr. Ignatov. Good afternoon, your Honor.

11 MR. EINHORN: Good afternoon, your Honor.

12 THE COURT: Good afternoon to you all.

13 This matter is on for a bail hearing at the request of  
14 the defendant. So Mr. Lichtman or Mr. Einhorn, I'm happy to  
15 hear you.

16 MR. LICHTMAN: Thank you, Judge. May I use the  
17 podium?

18 THE COURT: Yes, of course.

19 MR. LICHTMAN: Thank you. Judge, if I can, obviously,  
20 you're aware that detention is only for the most limited group  
21 of defendants, and defendants, as we know the law, says should  
22 be released under the least-restrictive conditions which will  
23 reasonably assure the appearance of defendant. It's,  
24 obviously, not a hundred percent. It's "reasonably assure" the  
25 appearance of the defendant, and as we know, the rules of

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1 evidence don't apply here.

2           And as your Honor knows, bail applications are made at  
3 the beginning of the case before discovery has gone very far;  
4 so I'm typically at somewhat of a disadvantage to the factual  
5 assertions made by the government in their papers. Some of  
6 it's based on investigations that I'm unaware of. I haven't  
7 received discovery on. Some of it is based on discovery that  
8 just hasn't been produced yet.

9           So we're sort of left in the position where we take  
10 what they say, obviously, they're doing officers of the court  
11 and they're doing their best to be accurate, and there are  
12 certain things that I can respond to and be able to point to a  
13 document. There are other things that I have to argue against  
14 with nothing in my hands.

15           One of the assertions that I would make is the fact  
16 that there was a -- found on Mr. Ignatov's phone supposedly was  
17 a comment made by him referring to an account in which  
18 supposedly stolen funds were in, where he referred to the money  
19 as "our money." As your Honor was told in our letter of  
20 yesterday -- just to make sure, we filed an initial letter and  
21 then we filed a reply this morning, actually.

22           THE COURT: And the government filed a response and a  
23 surreply.

24           MR. LICHTMAN: Exactly.

25           THE COURT: Did you get the surreply, Mr. --

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1 MR. LICHTMAN: We did, yes.

2 So what we showed is that, in fact, the reference to  
3 "our money" was not Mr. Ignatov who said it, and look, it's  
4 minor point, but it just amplifies that fact that we are sort  
5 of stuck a lot of times with their assertion.

6 The other one is the fact that he had a drug problem.  
7 Again, I don't anticipate this being the tail that wags the dog  
8 here, but if you do a cursory search of Mr. Ignatov on the  
9 Internet, he's all over it wearing a shirt, an anti-drug shirt.  
10 He's very anti-drug. He's pro animal. He's a thoughtful  
11 person. He's not a drug addict, or have any kind of drug  
12 issues. Again, we're stuck with their assertions, and we're  
13 just trying to tell you that it doesn't necessarily mean that  
14 they're a hundred percent accurate.

15 Again, I'm not faulting the government, but at this  
16 stage, sometimes the facts aren't not always as tied down as  
17 they would be in trial, obviously. But what the Court needs to  
18 know from the onset is that Ruja Ignatov -- Ignatova, excuse  
19 me, the sister of the defendant, is really the main target in  
20 this entire scheme.

21 You know about the Mark Scott case. Obviously, you  
22 know about this case now. Ruja was the one who was indicted  
23 first, in October of 2017. She is alleged to be the mastermind  
24 of this multi-year fraud, which began in 2014. She disappeared  
25 in late 2017, years after the fraud had begun and after a huge

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1 amount of money supposedly had been stolen from investors,  
2 according to the government.

3 And to make matters worse, she disappeared perhaps  
4 even within a day of the sealed indictment being brought in the  
5 Southern District of New York. At this point now, she's  
6 clearly one of the most wanted female fugitives, I suppose, in  
7 the world. She's been gone for a year and a half, and our  
8 position is that he's largely being pointed to as sort of a  
9 proxy for her. They don't have her. They've got him. That's  
10 the next best thing.

11 Now, they tell us that Konstantin is the leader of  
12 OneCoin and replacement for Ruja. I will tell you this. You  
13 saw some of the e-mails that we've attached. You haven't seen  
14 any of the discovery. The idea that Konstantin Ignatov, who is  
15 moving boxes at Porsche in the logistics department as late as  
16 the end of June of 2016 is suddenly taking over for this  
17 iron-fisted, very controlling woman, whose nickname in the  
18 company was "Her Royal Highness" is, respectfully, absurd.

19 And what I would also point in, and I'm going to go  
20 through his history leading up to his time at OneCoin. The  
21 government claims that he started sometime in approximately  
22 2015, approximately 2015. We showed the labor agreement as one  
23 of our exhibits, and actually it was June 30th, I believe, 2016  
24 before he even began working for OneCoin as Ruja's assistant.

25 He worked for Ruja until her disappearance at the end

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of October 2017, and as we showed in the e-mails, he is the -- doing the most menial of tasks for Ruja. She's ordering flowers. She's ordering clothes. She's ordering furniture. She's ordering dishes. She's trying to get to Fashion Week. She's got sculptures. He gets berated in an e-mail for not keeping the filing cabinet organized enough, and the fact that he had the temerity to order cheap red and blue pens for OneCoin when they were supposed to be the more expensive variety.

This is what he -- at a time when they were communicating without anybody knowing what they were saying, without the thought that somebody would be reading the e-mails, he's a lowly assistant, and that's clear in the e-mails. And we got those e-mails from the government. They're from the defendant's phone.

His main prior work experience, prior to that, as I said, was in the logistics department at Porsche. According to the government, right after he leaves there and becomes this lowly assistant, he suddenly becomes a high-level executive sometime after Ruja's disappearance, and certainly by December of 2017. And then they claim that by mid-2018, he becomes the leader of OneCoin. So we're talking literally two years after he's carrying boxes at Porsche, he has now ascended to the top position at OneCoin.

But he is only there as the leader, supposedly, for

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1       eight months because he gets arrested the very beginning of  
2 March of 2019. So -- excuse me. Yeah, excuse me. So my  
3 position is that you've got this multi-billion-dollar fraud,  
4 with God knows how many moving parts. You've got Ruja, who  
5 deals with this with an iron fist, and Konstantin Ignatov, who  
6 starts in the end of June 2016, by December 2017, is now a  
7 high-level executive. And then he gets arrested, what is it, a  
8 year or so later, and he's now the leader of the organization.

9                  I just don't think -- my point of bringing this up is  
10 that in the brief period of time of which he is supposedly the  
11 leader, compare that to the Marc Dreiers of the world, of the  
12 Bernie Madoffs, of all the people's cases that we cited. The  
13 idea that he is immersed in this fraud at such a level as  
14 someone who requires detention, and keeping in mind that Dreier  
15 and Madoff both were bailed out, is ludicrous.

16                  THE COURT: But the government does provide some  
17 evidence by the YouTube video that were included in their  
18 surreply.

19                  MR. LICHTMAN: No question.

20                  THE COURT: And in the audio file that they put in  
21 with their initial response.

22                  MR. LICHTMAN: It's morbid.

23                  THE COURT: That it appears, even taking you at your  
24 word that Mr. Ignatov was a low-level assistant during the time  
25 that his sister ran the company, once she disappeared, he

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1 appeared to take on a more high-profile role.

2 MR. LICHTMAN: No question, and to their credit, they  
3 didn't say that he didn't start as an assistant. They did  
4 point out that he was an assistant to Ruja, and that he rose to  
5 the level.

6 My point is that the idea that he could suddenly come  
7 into this company, when he's ordering ceramic flowers one, and  
8 the next day, almost virtually, he's now the head of this  
9 global multi-billion dollar fraud. He was the brother of Ruja.  
10 He served a purpose because he was Ruja's brother, and what I  
11 can gather, he was used as, look, here's Ruja's brother. This  
12 is the next best thing because we don't have Ruja here.

13 He may have said that he was the leader, but with all  
14 respect, with no background, he certainly wasn't trusted with  
15 anything even remotely to this level, all of a sudden he's  
16 being paraded out as the leader is my point.

17 But here's an important point. Let's say that they're  
18 claiming he was the leader of the organization. Ruja leaves in  
19 October of 2017. When she gets some sort of corrupt -- she has  
20 a corrupt leak, I suppose, who gives her information that  
21 there's this sealed indictment in the Southern District. Well,  
22 she doesn't just leave and go to Germany, a place where she  
23 can't be extradited from which we're told is a safe place for  
24 the Ignatovs, that they're German citizens. She disappears  
25 completely. She just vanishes. There's a trace of her going

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1 to Greece, and that's where the trail ends.

2           Why is it, just six months later or so, when he's  
3 supposedly got the same intel as Ruja because now he's gone to  
4 her spot, her high exalted spot, why doesn't he have the same  
5 intel? Where is he in June of 2018, just, what, eight months  
6 after she disappears? He stops in America on a flight, and he  
7 lands there. He, obviously, didn't feel that there was the  
8 same -- whoever told Ruja to leave, didn't tell him because he  
9 walked right into the lion's den.

10           And, Judge, this is even -- keep this in mind also.  
11           He gets arrested in March of 2018. He knows that Ruja  
12 supposedly has been indicted in a sealed indictment in the  
13 Southern District of New York. He certainly knows that Mark  
14 Scott has been indicted a year later, in the fall of 2018, in a  
15 case before your Honor. He still comes to America. He knows  
16 supposedly that all of this stuff is going on, had to know that  
17 he was going to be arrested. He still came.

18           And my position in telling you this is that he may  
19 have been a -- given the title or given a title of top  
20 executive, but he clearly wasn't treated the same. And we're  
21 told that his sister is his best friend. That's not how you  
22 treat your best friend, by letting them take the fall for you.  
23 The point is, he didn't know what was going on, didn't have any  
24 of this information.

25           Now, keep in mind, also, that Mr. Ignatov doesn't have

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1 the financial background. It wasn't like this was someone who  
2 was studying financial stuff, and that's how he so easily  
3 morphed into being a leader. He wasn't. I mean, he had no  
4 background in this at all, and again, suddenly he's becoming  
5 the leader. And the reason why they're pushing so hard for him  
6 to be the proxy for Ruja is because that's what's going to keep  
7 him behind bars in a bail argument.

8           If he's not the leader of this  
9 four-and-a-half-billion-dollar fraud, keeping in mind that he  
10 didn't start with them until the end of June of 2016, he starts  
11 when this thing is certainly well on it's way, if not mostly  
12 accomplished. But clearly, this is not the bad person that  
13 they're claiming, at least in terms of the cases that they're  
14 citing.

15           This was a fraud that was clearly conceived of by Ruja  
16 and the other leaders of OneCoin at the time. No one is  
17 alleging that Mr. Ignatov was even a part of the beginnings of  
18 this fraud. As I said, and as you know, Judge, Mark Scott will  
19 seek bail in this case. He was charged with money laundering.  
20 Ruja was charged with fraud and money laundering. Konstantin  
21 was just charged with fraud. He wasn't charged in the initial  
22 indictment in October of 2017. He wasn't charged in the Mark  
23 Scott indictment in fall of 2018.

24           We're posting significant assets and conditions.  
25 These conditions are severe. We've got multiple financially

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1 responsible people who are willing to guarantee the bond.  
2 Obviously, Judge, all the names you're going to get them, the  
3 government is going to get them because they're going to vet  
4 each and every one of them, I'm sure, back to third grade. So  
5 it's not like this is any kind of secret. We'll provide all  
6 those names.

7 THE COURT: Who are they?

8 MR. LICHTMAN: Excuse me?

9 THE COURT: Who are they?

10 MR. LICHTMAN: I can give you Hamid Rusel, R-u-s-e-l;  
11 Draga Lambreva, L-a-m-b-r-e-v-a; Svetoslav, sorry, this is a  
12 very difficult one; so I'm just going to spell it,  
13 I-o-c-h-i-c-o-l-o-v-s-k-y.

14 THE COURT: And how do they know Mr. Ignatov?

15 MR. LICHTMAN: Their son Ivan, who is another name I'm  
16 about to mention, with the I-o-c-h last name, trained with  
17 Mr. Ignatov in the mixed martial arts.

18 The other one is Ionka Stancheva, S-t-a-n-c-h-e-v-a.  
19 And these are all American citizens. I'm not taking -- despite  
20 their names, but these are all from America.

21 Kalina, K-a-l-i-n-a, Winter. Vessela, V-e-s-s-e-l-a,  
22 D-i-m-i-t-r-o-v-a.

23 But, Judge, the conditions that we're posting, the  
24 fact that he's going to have armed guards outside of his home,  
25 he doesn't have an apartment in New York. And I respectfully

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1 submit that some of the things that he said to pretrial  
2 services in Los Angeles, whether he had an apartment or he  
3 didn't have an apartment or he had a 300 Euro mortgage or  
4 didn't. It's his third language, English, and I would  
5 respectfully submit that they could have gotten certain things  
6 possibly wrong.

7 He doesn't have an apartment in Manhattan. He will  
8 rent it, and we didn't get it before there was a bail hearing  
9 because what would be the point. The apartment would be  
10 something that the government would approve of in terms of  
11 location, in terms of ingress and egress. They would have  
12 control over all of that. With respect to the guards, you  
13 know, I read that they're concerned that the guards are going  
14 to somehow be corrupted.

15 You know, I've got other cases in this building right  
16 now where we have guards as part of bail. There's been no  
17 issue. I've never heard of it until actually I read the  
18 government's brief. We are very happy to let the government  
19 hire the guards, and they can even pay the guards, and we  
20 can -- out of a fund that we will, obviously, put money in so  
that there's no issue about Mr. Ignatov corrupting the guards.  
22 He's also going to have a GPS device on.

23 THE COURT: I don't think the government can do that.  
24 I don't know, but I don't think technically they're allowed to  
do that.

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1                   MR. LICHTMAN: The point is we're offering, whatever  
2 that's worth.

3                   Obviously, we'll allow the place to be searched at any  
4 time without his knowledge. His phone calls can be monitored.  
5 There's not going to be any cell phone service. The government  
6 has his passport. His girlfriend, who's pregnant 22 weeks now,  
7 I believe, Christina, she will reside there with him. She will  
8 give up her passport as well. She is an attorney in Bulgaria,  
9 has her own law firm.

10                  So, respectfully, I don't know that anybody's ever  
11 disappeared who's had the armed guards. The last case that  
12 I've had with armed guards was Vincent Esposito, I've cited it  
13 in our papers, Judge. He's alleged -- actually, not alleged.  
14 He's the son of Chin Gigante, and when we came here for the  
15 bail hearing, in the same courthouse, we were told, Judge  
16 Marrero, that he was facing ten years in prison. He's very  
17 dangerous. He's a flight risk.

18                  Why? Because they found \$3.8 million in cash in his  
19 apartment, and he was asked: Do you have any money in the  
20 apartment? He said: Oh, about 100,000. So he missed by 3.7  
21 million. That's an indicia of flight, I would respectfully  
22 submit. Certainly the government did.

23                  And here we are announcing, a year and a few months  
24 later, and Mr. Esposito is going for sentencing in mid-July and  
25 the sentencing guidelines are 24 to 30 months. He's probably

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1 the only person in the history of the Republic that has armed  
2 guards outside of his apartment for bail purposes, and he's  
3 facing guidelines of 24 to 30 months at his sentencing.

4 Now, that's an important point about the fact that  
5 there's no indicia of fraud here -- or flight, excuse me.  
6 Normally what happens when people are denied bail -- again,  
7 fraud causes, it doesn't happen very often -- they get  
8 arrested, and they have multiple passports, or they have  
9 multiple identifications or they have tickets to Zimbabwe or  
10 something. There's none of that here. There's no multiple  
11 identifications. He got arrested because he flew here under  
12 his own name. This is not the kind of stuff that normally  
13 happens.

14 With regard to the Mark Dreier case, the case in which  
15 bail was granted, obviously, he was an officer of the court, he  
16 stole from clients, he took on multiple identities to commit  
17 his crime. After he got arrested, he was sitting in the MCC  
18 before he got bail, and he was stealing money via phone from  
19 client escrow accounts and moving it into his own accounts. He  
20 was the leader of a huge scheme for seven years.

21 Bernie Madoff, I'm not going to go into all the  
22 details. He, obviously, lied to the SEC for decades. He was  
23 granted bail.

24 Konstantin Ignatov is nothing like the Espositos, the  
25 Madoffs, the Dreiers of the world. Again, there's no indicia

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1 of flight, and his involvement in this fraud is a blip in time  
2 compared to the other people that are charged in all of these  
3 cases in which most of them did receive bail.

4 THE COURT: Well, I guess two points. One, the other  
5 three people that you just mentioned all were American citizens  
6 and had, obviously, substantial ties to the United States.  
7 From what I understand, the government's position is to be is  
8 that not only is OneCoin still operating, and you don't seem to  
9 be suggesting that it's not a fraudulent scheme, but that  
10 during the time even after his sister became a fugitive, it  
11 continued to bring in millions and millions of dollars.

12 MR. LICHTMAN: It's, supposedly, from what I  
13 understand, OneCoin is still active. I don't know that it's as  
14 active as it was, but it's, at least as we know, what the  
15 government mentioned in its papers, they are still out there.  
16 And I thought this was an interesting argument, and I credit  
17 Mr. Dimase's work, he said that perhaps if Mr. Ignatov is  
18 released, that is going to be a signal to all the fraudsters in  
19 OneCoin, ah-ha, he was released. Therefore, he won his case  
20 and, therefore, we should continue stealing.

21 You know, they have strong arguments. I'm sure that  
22 we can all agree, but respectfully, he's not going to have any  
23 contact with any OneCoin people. They're going to have  
24 complete control over anyone and everyone who goes into that  
25 apartment. He's not going to be able to use the Internet, and

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1 if it helps us, I'm happy -- he can walk around with a sandwich  
2 board inside his apartment saying: I am not involved in  
3 OneCoin; I am not innocent.

4 No one is, respectfully, going to suggest that the  
5 fact that he was granted bail means that somehow the evidence  
6 is any weaker or that the case is over and he's been absolved.  
7 If you can read -- if you can read well enough to invest money  
8 with OneCoin, you can certainly read the articles that say:  
9 Mr. Ignatov has not been acquitted. He simply was granted bail  
10 where he's going to be locked in an apartment with his pregnant  
11 girlfriend for the next year or so.

12 THE COURT: I think the government actually has some  
13 support for that argument in their letter, in some  
14 communication that was made.

15 MR. LICHTMAN: Well, the fact that some anonymous  
16 person posts something on social media suggesting that if he's  
17 released from bail, that means the case is over, I can't  
18 control that. I can't control what people say on social media.  
19 It's nothing he did, and it's nothing that we even know the  
20 person who is who did it. People will write and say anything.  
21 It doesn't mean that him being released is somehow going to be  
22 the end of the great OneCoin caper. It's just not true, and I  
23 can't control what I can't control.

24 It's not like there's any evidence he directed any of  
25 this. The fact that I think they wrote in one of the things

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1 that if you have -- you want to send a character letter, send  
2 it to Lichtman the attorney in New York. I think that's what  
3 you're referring to, perhaps.

4 THE COURT: It's something along those lines.

5 MR. LICHTMAN: I didn't speak to anyone about that. I  
6 don't know. It could have been a game of telephone that I  
7 spoke to one person, who spoke to another person and suddenly,  
8 I didn't even know he was on the Internet, respectfully, when  
9 it happened.

10 The fact that he's German, Bulgarian, it's not a basis  
11 for detention. I understand it's something that you're  
12 weighing, Judge, but the Supreme Court said that the inability  
13 to procure the defendant's return for trial, it suggests  
14 opportunity for flight, but does not establish any inclination  
15 for flight. And I think that's really where we are here, is  
16 that, yes, if he somehow gets passed the armed guards, which  
17 he's given no inclination in his life that he would ever do  
18 anything like that. There's no indicia of flight anywhere. If  
19 there was a single thing that they can point to that there's  
20 indicia for flight for this man, I would stand down on that,  
21 but there's not.

22 The fact that he could disappear somehow, we've  
23 already agreed to waive extradition. I saw the government's  
24 letter this morning, apparently, that it doesn't make a  
25 difference. You know, we didn't know that, Judge, when we

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1 mentioned that in our papers. I would respectfully submit that  
2 that should tell you where his head is at, is the fact that we  
3 offered such a thing. It's not something that's been offered  
4 in every case.

5 The government has the burden to prove that  
6 Mr. Ignatov poses a serious flight risk, a serious flight risk  
7 and, respectfully, I just don't see that they have. What  
8 they've got is the fact that Ruja disappeared, the fact that  
9 he's not an American citizen, the fact that this is a very  
10 large fraud, he has no ties to America, oh, and he lied when he  
11 was stopped on his way in and when he was on his way out and  
12 was arrested.

13 THE COURT: Those are making a strong argument.

14 MR. LICHTMAN: That's why we're here. That's why we  
15 didn't have an agreement on bail. I don't disagree. On paper,  
16 those categories of issues are very strong, but when you look  
17 at the man and you look at his history, it doesn't show that  
18 he's the leader. It doesn't show that he's got any indicia of  
19 flight. It doesn't show a life of someone who's lived a double  
20 life, perhaps. And the fact that he walked into America months  
21 after Ruja disappeared because of the sealed indictment here  
22 makes clear that he wasn't even aware of this.

23 Yes, I know that they're going to say that Ruja sent  
24 an e-mail: My brother knows what to do if I get arrested.  
25 Well, Judge, how about the name of a lawyer? Is that just --

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1 he knows what to do. What did he do? What did he do when she  
2 disappeared? He came to America, like a blockhead, and walked  
3 right into the lion's den in June of 2018. And, again, with  
4 regard -- again, they have to show that there are no conditions  
5 that will reasonably assure his presence. The security guards,  
6 they're going to control. They're going to approve them. The  
7 fact that he's wealthy enough -- they asked where the money  
8 comes from. Well, he's got a girlfriend who owns her own law  
9 firm. It's not like there's -- she's not alleged to be taking  
10 any ill-gotten gains. I mean, there is money to pay for this.

11 THE COURT: \$10 million?

12 MR. LICHTMAN: Well, she's not going to pay the \$10  
13 million. We've got other people that are going to be putting  
14 up assets, and it's a huge amount of money, Judge. I think  
15 it's bigger than any of the people have ever proffered in any  
16 of these cases. I understand it's a big number.

17 Look, if the money is not vetted, if the people are  
18 not vetted, or if they're vetted and don't pass muster, he's  
19 not going anywhere; so we get that. I mean, this is something  
20 that -- it's not like the government is going to be happy to  
21 approve all of these people. They're certainly going to go  
22 through them with a fine tooth comb.

23 THE COURT: These folks are American citizens, you  
24 say?

25 MR. LICHTMAN: Yes.

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1           THE COURT: All of them?

2           MR. LICHTMAN: Yes.

3           THE COURT: And he knows them because he trained with  
4 a guy who's related to them?

5           MR. LICHTMAN: No, one of the persons that's going to  
6 be signing is the one who he trained with. It's his parents.  
7 My understanding is that the family knows him. I mean, Judge,  
8 he doesn't live in America, and as you know, he's only been to  
9 America, I think, three times in his life.

10          THE COURT: Right.

11          MR. LICHTMAN: So he doesn't have extensive ties to  
12 America, but that doesn't mean that he's got either an  
13 inclination to flee, because he certainly has come here when he  
14 supposedly should have known that his sister had been under  
15 indictment here, and there's no indicia of flight. If he had  
16 fake IDs with him, I don't think I'd be here.

17          THE COURT: I'm not speaking to the point that -- it  
18 doesn't sound like the financially responsible people have that  
19 strong connection with Mr. Ignatov. A cynical person might  
20 suggest, well, they didn't sign their name, they're responsible  
21 people, they're American citizens, they're solid all around,  
22 but one point is making, however many millions of dollars in a  
23 day, and they can be easily reimbursed. A cynical person might  
24 think that.

25          MR. LICHTMAN: I understand, Judge. I wish I could

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1 tell you that I've got his brother and sister and they all  
2 lived here and they're all happy. If I had all of that, it  
3 would be different. The reason we don't have it is not any  
4 fault of his own. It's because he doesn't live here, and he  
5 never visited here. So it's tough to find people that he  
6 knows.

7 But I can tell you this, if, God forbid, I got  
8 arrested in Bulgaria, I don't think I would be having any  
9 people from Bulgaria that would be standing up for me to sign a  
10 \$20 million bond. He's done the best he could. It's not what  
11 we would hope for, but they are real people. They are American  
12 citizens. They are willing to be interviewed by the  
13 government, and they are financially responsible. Not every  
14 case in which bail is posted do you have a perfect moral  
15 suasion situation, but you certainly have them legally on the  
16 hook.

17 And as I've said, I've spoken to this Ivan probably 50  
18 times during this process, and he is someone who is very close  
19 to Konstantin, calls me all the time, texts me all the time to  
20 see how he's doing. I've got e-mails, you know, can you tell  
21 him hello, can you tell him about this time that we did --  
22 there is a family responsibility, and this is his family is  
23 largely a part of these five signatories. So I suppose that's  
24 got to matter for something. Obviously, Judge, the fact that  
25 he's not, again, an American is not a ruling decision that he

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1 can't get bail.

2           With regard to the lies at the airport and with  
3 customs, it doesn't bar him from getting bail here. He had no  
4 lawyer. He'd never been arrested in his life. He was,  
5 obviously, terrified. I suppose what the government would have  
6 wanted is that he comes in, he gets questioned, he admits the  
7 entire fraud, and they come to you when I'm making the bail  
8 hearing and say, listen, the evidence is so overwhelming, he's  
9 completely admitted everything; so he shouldn't have any bail.

10           Respectfully, people have lives. You talk about Marc  
11 Dreier, who not only should know better, but after he got  
12 arrested, he is now stealing money from the MCC. If anybody  
13 shouldn't be getting bail, compared to him, and he also was the  
14 leader of this entire fraud. He's a fraction of the leadership  
15 level as Marc Dreier, and there's no allegation that he's stole  
16 a penny since he's been arrested in this case.

17           Again, Vincent Esposito lied to pretrial services  
18 about something that's indicia of flight, lied about 3.8  
19 million. That cash, what are you doing with 3.8 million?  
20 Well, you use that to disappear. He lied after he was  
21 arrested.

22           The issue is the things that he lied about are not  
23 indicia of flight, I would respectfully submit. There are  
24 other cases, Judge, in which bail has been granted. This Roger  
25 Ng, a Malaysian national, Goldman Sachs banker, he was granted

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1 bail after posting a \$20 million personal recognizance bond  
2 secured by just \$1 million in cash in the Eastern District. He  
3 was extradited from Malaysia regarding a \$2.7 billion fraud.

4 Then there's -- we've got multiple people that were  
5 granted bail, \$20 million bail in this Ali Sadr, A-l-i,  
6 S-a-d-r, Hashemi, H-a-s-h-e-m-i, Nejad, N-e-j-a-d, he's an  
7 Iranian national with access to personal wealth totaling  
8 billion of dollars was granted bail with a \$20 million bond  
9 secured by multiple properties and cash. This was with Judge  
10 Carter. He was arrested while attempting to travel to London  
11 from the United States. He lied to pretrial services about his  
12 country of residence in an effort to appear more bailable. He  
13 was thinking about bail.

14 Konstantin Ignatov, there's no allegation that he was  
15 thinking about bail when he lied to Customs.

16 Now, Nejad was the chairman of a Maltese bank, and he  
17 was charged with participating in a scheme to help Iran evade  
18 sanctions. Now, Judge, respectfully, and this was, he was  
19 trying to funnel \$115 million through the U.S. financial system  
20 to Iran. Iran is a terrorist state, a terrorist state that has  
21 killed hundreds of Americans in Afghanistan and Iraq and has  
22 tried to kill people in Washington, D.C. as recently as a  
23 couple of years ago. They downed our drone just a couple of  
24 weeks ago. He got bail and he was helping an enemy of America.

25 He was lifting boxes at Porsche in June of 2016, and

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1 when Ruja disappears, he was propped up as here's the leader of  
2 OneCoin. That's the same.

3 You've got the Kashoggi defendant, as we all know.  
4 I'm not going to go into him, Judge, but obviously, he was  
5 significantly more alleges to be steeped in criminality,  
6 charged with RICO and obstruction of justice.

7 You've got Hans Bodmer, B-o-d-m-e-r, who was charged  
8 with violating the Foreign Corrupt Practices Act by paying  
9 bribes, authorizing bribes to various government officials all  
10 over the world. He was released by Judge Scheindlin, and this  
11 despite the government's complaint that the Swiss government  
12 would not recognize Bodmer's waiver of his right to avoid  
13 extradition.

14 I've got other cases, Judge. I'm not going to go into  
15 all of them. We have one case in which the government tries to  
16 compare the defendant to this Reza Zarrab case. He was aiding  
17 the Iranian Revolutionary Guard, which is one of the worst  
18 terrorist organizations in the world and has killed countless  
19 Americans. You can hardly claim that Konstantin Ignatov is on  
20 that level.

21 We've got case after case, and again going to include  
22 Dreier and Madoff, much less likely candidates for release than  
23 Mr. Ignatov, were released on bail with conditions that they  
24 self-fund 24-hour security guards. Judge Rakoff said that  
25 Dreier committed some of the most egregious frauds in history,

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1       in history. An attorney who disgraced the venerable profession  
2       of law, the series of fraud over a seven-year period. He stole  
3       money just for himself to use. Where is the largess on that  
4       level that Konstantin Ignatov has?

5           Now, I'm not saying that the sister isn't the person  
6       that, perhaps, should be here, where they can make the better  
7       argument. She's the one with the huge yacht. She's the one  
8       that's got all the money. What does he have? He doesn't have  
9       anything that even remotely compares to a Dreier or a Madoff.

10          You've got Jeffrey Webb, a national in the Cayman  
11       Islands. These are people that were not even American  
12       citizens. He was charged with bribery and money laundering in  
13       relation to FIFA, the international soccer organization. He  
14       was released on bail.

15          And as I said about Dreier, as well, that he was using  
16       other identities to steal money, and that's indicia of flight.  
17       When you're concerned about somebody running away, you're  
18       concerned with what they've got. They've got multiple ID's;  
19       they've got multiple passports. They're willing to go that far  
20       to take someone else's identity. Nothing exists for  
21       Mr. Ignatov about that.

22           THE COURT: Why don't you start wrapping up.

23           MR. LICHTMAN: I am, Judge. Thank you. Thank you for  
24       being patient. You've always been very patient. That's  
25       probably a big mistake on your case.

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1                   The Boustani, B-o-u-s-t-a-n-i, case that I'm going to  
2 talk about, Judge. Thank you again for seeing us again on  
3 Friday afternoon. I appreciate that. The defendant in  
4 Boustani provided visas, work visas bearing false information.  
5 The co-conspirators assisting them in obtaining bank accounts  
6 and took steps to avoid detection, used fraudulent documents to  
7 assist co-conspirators in their travel to foreign  
8 jurisdictions. None of that exists with Mr. Ignatov. There's  
9 nothing. It just doesn't exist. So it's hard to suggest that  
10 he is at that level.

11                  And one thing I'm going to bring up, which the  
12 government did not bring up in their papers or in their  
13 surreply, but it was a throwaway line in the government's  
14 detention argument in Los Angeles. And there's a reason  
15 probably why it didn't end up in their papers, Judge, and you  
16 can figure out why. Is they said that Mr. Ignatov is  
17 associated with significant players of eastern European  
18 organized crime. No names were provided. The name is in his  
19 phone.

20                  Judge, from what I understand, this person who is  
21 supposedly the head of security, has no record in Bulgaria,  
22 Germany. Respectfully, it didn't stop Mark Scott from getting  
23 bail, and there's a reason why the government didn't bring up  
24 such an important or deadly accusation that he's supposedly  
25 linked to eastern European organized crime, because it's,

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1 frankly, a BS, a throwaway line that you can say in a bail  
2 argument when the defense has no ability to challenge it.  
3 Thank you, Judge.

4 THE COURT: Thank you, Mr. Lichtman.

5 Mr. Dimase or Ms. Lozano?

6 MR. DIMASE: Yes, your Honor. Thank you. A lot of  
7 the points that I'll make have been set forth in more detail in  
8 our submission. I don't want to belabor those points, but I  
9 think what's really important to focus on here is that this is  
10 not a question about whether Mr. Ignatov is a bad person,  
11 whether he's more or less culpable than other people in this  
12 case or people in other cases, whether he committed a larger  
13 fraud.

14 Those are relevant to the strength of the evidence and  
15 the guidelines range that he faces, obviously, which might give  
16 him a reason to flee, but that's largely what the argument we  
17 just heard was about. That's not what this is about. It's  
18 about will any conditions of release reasonably assure his  
19 attendance in court?

20 And I heard Mr. Lichtman say, probably a hundred  
21 times, there are no indicia of flight. I couldn't disagree  
22 more with that. There is pretty much every indicia of  
23 possibility of flight in this case that you can find. He has  
24 zero ties to the United States, and the defense is not  
25 contesting that. He has citizenship in a country to which, if

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1 you were extradited or if he fled, he could not be extradited  
2 back to the United States. They have not disputed that.

3 The OIA representative, who handles German  
4 extradition, has told me very clearly that a waiver of  
5 extradition is completely unenforceable, and even if it  
6 mattered, the German government would not, simply would not,  
7 extradite a German citizen to the United States for  
8 prosecution.

9 As the government has noted, the organization and  
10 Mr. Ignatov's family members have close contacts with the UAE,  
11 who will also not extradite to the United States. And I think  
12 this was only briefly covered in the government's submission,  
13 but I think it bears noting in a bit more detail. This fraud  
14 scheme has engaged a massive bribery for years all over the  
15 world.

16 THE COURT: Why don't you tell me a little bit about  
17 that.

18 MR. DIMASE: Yes, your Honor. The leaders of the  
19 fraud scheme, and other people associated with it, have paid  
20 bribes for a variety of different reasons in countries spanning  
21 the globe from South Korea, to Vietnam, to Thailand, to the  
22 UAE, to Bulgaria and Mexico. Largely those bribe payments are  
23 made for two purposes; one, to get people who are in trouble  
24 for some reason or another in connection with the OneCoin  
25 scheme out of trouble, whether that means out of jail or out of

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1 investigation; or those payments are made to free up money that  
2 has been seized or restrained by governments around the world.

3 Quite a number of bribes have also been made in China.  
4 We have witness information to that effect. We have even  
5 e-mail communications discussing payments of that sort. This  
6 is -- and it goes back to the nature of the scheme and the  
7 amount of money that the people running this scheme have access  
8 to. It is truly unbelievable, not just the amount passing  
9 through the financial system, but millions and hundreds of  
10 millions of dollars and Euros in cash that this organization  
11 couldn't get in the banking system and is, therefore, holding  
12 literally in offices and bunkers.

13 That's the kind of organization we're talking about.  
14 That's the kind of financial resources we're talking about, and  
15 I think Mr. Ignatov's -- one of the things he said that appears  
16 to be truthful at his pretrial services interview is that his  
17 family could wire "any amount of money, any amount of money to  
18 pay his bail." And I think that is accurate and supported by  
19 the facts that the government has uncovered in its  
20 investigation.

21 Mr. Ignatov's engaged in extensive international  
22 travel. That's undisputed. Obviously, the Court has seen the  
23 YouTube video that the government referenced in its submission  
24 today, where he gave presentations in other countries.

25 I do want to address the issue of the strength of the

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1 evidence and Mr. Ignatov's role. I don't think the government  
2 is going to -- the government is not standing here to say today  
3 that it believes that Mr. Ignatov is more culpable than his  
4 sister, nor are we disputing that the evidence shows that it  
5 was his sister and another person who came up with the idea for  
6 this scheme and started it.

7 But that doesn't change the fact, your Honor, that  
8 Mr. Ignatov was heavily involved in it, that he had a very  
9 significant role even when he served only as Ms. Ignatova's  
10 personal assistant. In fact, the government's evidence has  
11 demonstrated that speaking of those hundreds of thousands and  
12 millions of dollars in cash, that Mr. Ignatov was the person in  
13 the Sofia office that was responsible for receiving those  
14 massive cash drop-offs at the office even in his role as  
15 personal assistant.

16 But there can be no doubt, based on the evidence, that  
17 he took a substantial role after his sister left, and the  
18 argument that he couldn't have done that because he was a  
19 Porsche worker is not sensible. He's the brother of the woman  
20 who started this thing, a relationship of trust, a familial  
21 relationship, someone that she has worked with. It makes sense  
22 that he would take over in her stead, and I think the evidence  
23 very clearly demonstrates that.

24 THE COURT: I get the point that he's close with his  
25 sister and that would have allowed him to play a more

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1 significant role, but that doesn't necessarily make him -- you  
2 know, given the background, the employment background that he  
3 appears to have, that he would take on the leadership of what  
4 appears to be a fairly sophisticated company, if not a fairly  
5 sophisticated criminal enterprise.

6 MR. DIMASE: Your Honor, the government is not arguing  
7 that Mr. Ignatov ran it alone, that he was the only chief  
8 executive of this company, but the video speaks for themselves.  
9 The audio where he's -- you can tell that he's taken the place  
10 of his sister and is demanding loyalty from people, and saying  
11 he'll cut someone's head off that if they don't follow the  
12 instructions that he's giving. It makes it pretty clear the  
13 role that he's serving.

14 He may not be the sole leader but he is in a  
15 high-level executive position. And I think, ultimately, where  
16 that fits in the bail argument, again, is not that he's a bad  
17 person or that he's super-culpable, but that he has a very  
18 substantial role in a massive international Ponzi scheme  
19 involving billions of dollars of fraud. And that is what he  
20 will face when he is convicted on the very strong evidence that  
21 the government has, whether that is by a plea or at the end of  
22 a trial.

23 Those facts will be considered at his sentence, and as  
24 of right now, he faces a single wire fraud conspiracy count  
25 with a 20-year guidelines range because that is the statutory

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maximum. But the government possesses substantial evidence of his involvement in money laundering activities, among other crimes, and will supersede. And I expect that that guidelines range will increase substantially after additional charges are brought. So --

THE COURT: Let me ask you this, not that you're required to have a theory in this regard, but do you have a theory as to why it is he came to the U.S.?

MR. DIMASE: Your Honor, here's what I'll say on that point. I don't think that the fact that he came -- first of all, the first time he came in '18 was a brief connection in the airport. Now, would a person who is concerned about arrest even make a connecting connection in an airport, I think that's a question that we can debate, but --

THE COURT: That happens frequently.

MR. DIMASE: Yes. He wasn't here traveling here. He was on his way to Latin America. He stopped over at the Miami airport for a couple of hours, and then he moved on to the next flight. So, for whatever that's worth. He, obviously, did come here in March of 2019 intending to do OneCoin-related business.

What I'll say on it is the fact that he came doesn't show that he's not in touch with his sister, that he isn't knowledgeable about the charges against her. I mean, she was charged, not him. Mark Scott was charged, not him. He -- if

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1 he has access to the same level of information, in fact, the  
2 evidence would suggest he would know that he wasn't charged.  
3 Now, is there a chance he could be? Yeah. But the knowledge  
4 that he hadn't been would become part of a consideration for  
5 him to come.

6 Putting that aside, I mean, look, there is also the  
7 possibility that this was not a very good decision that he  
8 made, even knowing that he could be prosecuted, and even  
9 potentially knowing that he had not been charged yet. But that  
10 doesn't mean he's not a flight risk here. All of the other  
11 factors in this case point to a massive flight risk,  
12 including -- and I don't know if that answers the Court's  
13 question, I mean.

14 THE COURT: Just curious.

15 MR. DIMASE: Yes. On the point of the lies that he's  
16 told, I mean, I have to disagree about not telling lies  
17 regarding, you know, the bail and his flight. I mean, he lied  
18 to pretrial services demonstratively. He's got a multimillion  
19 dollar house. He told them that he has a 200,000 Euro house  
20 and a mortgage. That was a straight up lie, and it was  
21 designed to effect the decision of pretrial services. He  
22 speaks fluent English. You can watch the video. This is not  
23 an issue of somebody who doesn't understand English.

24 Nor was his lies to border agents because he was  
25 terrified. They were very intentional. He said he was here to

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1 visit a friend. He said he was a promotional speaker,  
2 self-employed. Those are lies designed to avoid admitting that  
3 he worked for a massive criminal organization, when he knew  
4 full well he was coming here to do OneCoin-related business.

5 So I mean, he's told lies now to three sets of  
6 government officials. The most concerning, I would argue, were  
7 those to pretrial services, which show he's willing to lie to  
8 the Court about factors that are hugely important to a bail  
9 decision.

10 And on the apartment in New York, I don't know what to  
11 make of this, but he didn't tell that information to  
12 California. He told it to SDNY's pretrial services office,  
13 that there was an apartment he had access to in New York, but  
14 he declined to provide further information about it. It's not  
15 clear to me why, but that is what the SDNY pretrial report  
16 says. And he's, obviously, not talking -- he's not identifying  
17 a particular apartment today.

18 And we have very strong evidence that he had a drug  
19 addiction in the past. I don't think that's inconsistent with  
20 an anti-drug message today. In fact, I think it's perfectly  
21 consistent that somebody who had an addiction, would turn  
22 around, once they beat it, decide to spread that word. But I  
23 think it does show that he's still willing to lie to the Court,  
24 even today, on important matters.

25 With respect to his sister, she disappeared. She has

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1 a network that can make that happen. The evidence shows that  
2 they've been in touch. He's told people at these conferences  
3 that they are in touch. He lied in his post-arrest statement,  
4 saying they weren't. He has a power of attorney form on his  
5 computer that he disposes before he leaves the U.S. or tries  
6 to.

7 And he is, obviously, fully aware of her escape plan.  
8 I mean, I think Mr. Lichtman is doing what he can to try to  
9 make that text message seem innocuous, but it's not. He's her  
10 brother. He's her personal assistant, and he knows what to do  
11 when she gets arrested.

12 THE COURT: What can you tell me about the context of  
13 that message?

14 MR. DIMASE: Yes, I can tell you that those messages  
15 were between his sister and another principal of OneCoin, and  
16 she was describing her travel through Germany, I believe, into  
17 the Frankfort airport in 2016. And there was, I believe, at  
18 that time, it may have been a public investigation, though I'm  
19 not positive of that. There was certainly an investigation  
20 involving OneCoin, and she harbored real concern that she might  
21 be caught or arrested or something might happen to her when she  
22 passes through Germany, and she tells one principal: My  
23 brother knows what to do if that happens.

24 So I don't think it is just a matter of a voyeur.  
25 It's the context that is she's speaking to the other head of

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1 the scheme about what steps should be taken if that happens.  
2 And it shows that he's deeply within her circle of trust, as is  
3 also evidenced by the fact that he effectively takes a very  
4 high-level position after she leaves. The idea that she is not  
5 in touch with him is, frankly, absurd. I mean, they're best  
6 friends, according to him. There's a power of attorney form on  
7 his phone -- I mean, his laptop. She has the means to flee; so  
8 does he. And the bribe -- should be of -- I'm sorry?

9 THE COURT: It's the government's theory that they  
10 were in communication until the time of his arrest, at least?

11 MR. DIMASE: Your Honor, we don't have -- I mean,  
12 there is no evidence showing communication up until the time of  
13 his arrest, but I can say that these people were generally very  
14 careful about communicating, and that Ruja Ignatova has been  
15 especially careful since she fled. But even before she fled,  
16 they had a network of encrypted phones that they used to  
17 communicate with one another.

18 So I don't think the fact that there are no  
19 communications on Mr. Ignatov's regular phone, for example,  
20 really speaks to whether they've been in touch. But he  
21 certainly told other people in the OneCoin community that they  
22 are in touch over the time period since she left, and as I said  
23 he's got this power of attorney form on his computer.

24 With respect to the guards, and -- look, there are a  
25 lot of concerns about the guards that have been raised in the

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1 cases that the government cited to the Court. I'm not going to  
2 reiterate them all, but as we noted in our letter this morning,  
3 they have provided no information about how those guards will  
4 be paid, nor have they provided any information about how the  
5 \$10 million will be paid.

6 And the only source of income that the government is  
7 aware of for Mr. Ignatov, who we don't disagree he worked at a  
8 Porsche dealership before joining OneCoin, is OneCoin. And his  
9 mother is heavily involved in OneCoin. His sister was involved  
10 in OneCoin. He says that they will send any amount of money he  
11 needs for bail. That's where the money is coming from. It's  
12 basically the victims' money that he's proposing to use to fund  
13 his guards, to fund his bail and get out of jail and put  
14 himself in a position where he can easily bribe the people that  
15 are serving as his guards, to flee, just like his sister did.

16 Your Honor, in many ways the defendant is very  
17 similarly situated to Boustani. I think the parallels are  
18 significant, the fraud scheme is similar. Though, this one is  
19 bigger, and the concerns about guards are similar to those  
20 presented here. But what wasn't present in Boustani, or any  
21 other case that the defendant has cited, is the defendant's  
22 best friend and sister and co-conspirator disappearing from the  
23 face of the planet after learning she was charged with a crime.  
24 I don't think that fact is -- I think it's an unprecedented  
25 fact, along with all of these other very significant reasons to

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1 be concerned that any set of conditions will not assure his  
2 appearance.

3 THE COURT: Let me ask you this. Is the government  
4 still pressing the danger to the community prong?

5 MR. DIMASE: Yes, your Honor. Let me just end on the  
6 risk of flight by saying, I'm not going to address all the  
7 cases, but I think all the cases that they've cited are  
8 distinguishable for the reasons that we indicated in our  
9 briefing.

10 Yes, your Honor, we are still pursuing the economic  
11 danger argument, absolutely, and I think you've focused in on  
12 some of the issues around that already. He was coming here to  
13 do OneCoin business. There's every reason to suspect he will  
14 continue to do so if he's released. I do think that this  
15 release, in and of itself, would be likely to cause additional  
16 fraud. I do appreciate that that argument focuses on the  
17 activities of other people and not necessarily Mr. Ignatov. So  
18 I don't want to rely too heavily on that, but I think it is a  
19 fact, Mr. Lichtman is right, he can't control the other people,  
20 and there are a lot of them, and they are out there posting all  
21 kinds of things about this proceeding.

22 THE COURT: So OneCoin is still active?

23 MR. DIMASE: Absolutely. And there is a lot of  
24 information available online about the fact that this is a --  
25 this prosecution isn't going anywhere and that Mr. Ignatov is

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1 innocent, that he will be acquitted, that he will be released,  
2 and everyone will see that OneCoin is real. There's quite a  
3 bit of that discussion on the Internet. Again, I agree with  
4 Mr. Lichtman, it's not Mr. Ignatov's fault, necessarily, that  
5 that's happening. Other people are choosing to make those  
6 statements, but it is a fact that they're out there.

7 On the last point, you know, we're not backing away  
8 from what was said in California. We do have evidence that a  
9 very significant, if not the most prolific, drug trafficker of  
10 all time in Bulgaria was closely linked to OneCoin, served as  
11 his sister's personal security guard, has contacts with  
12 Mr. Ignatov, contacts with organized crime in eastern Europe,  
13 and that that person's contact information is on Mr. Ignatov's  
14 phone. That is all true.

15 THE COURT: Does Mr. Lichtman know who that is?

16 MR. DIMASE: The name of the person?

17 THE COURT: Yes.

18 MR. DIMASE: I don't know that -- we have had that  
19 discussion. I'm not sure that we have had that discussion with  
20 him, actually.

21 THE COURT: Okay.

22 MR. DIMASE: I'm happy to inform him who the  
23 government has identified as that person, if you'd like me to.

24 THE COURT: I don't care. I just want to know --

25 MR. LICHTMAN: We weren't told, Judge. I think that

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1 we sort of narrowed it down, based on the claim that he was  
2 involved with OneCoin security.

3 MR. DIMASE: And you can find information about this  
4 online. It's not a big secret.

5 THE COURT: Okay. So Mr. Lichtman knew that the  
6 gentleman was involved with security at OneCoin?

7 MR. DIMASE: Oh, yes. I mean, Mr. Lichtman knows  
8 about the government's allegations that this person is  
9 connected to OneCoin and that he served in a security capacity.  
10 It was more a question of whether the specific name of the  
11 person had been discussed. We haven't discussed that with  
12 Mr. Lichtman.

13 We hadn't planned to make this a central point of our  
14 bail argument today mainly because that person is, obviously,  
15 not here in the United States. They're in Europe. It's less  
16 clear exactly how Mr. Ignatov's activities are going to effect  
17 this person in Europe, but we absolutely believe that to be the  
18 case and have facts uncovered during our investigation that  
19 that that is true. So it's not something that was sprung in  
20 California, and we decided not to pursue it here because we  
21 don't think it's accurate. It's absolutely accurate.

22 THE COURT: Okay.

23 MR. DIMASE: One moment, your Honor.

24 (Pause)

25 Your Honor, unless the Court has any questions, we'd

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1 rest on our papers.

2 THE COURT: Very well. Mr. Lichtman, I'll give you a  
3 couple of minutes.

4 MR. LICHTMAN: Judge, very briefly. When I talk about  
5 indicia of fraud, I'm talking about inclination to flee. I'm  
6 not talking about opportunity to flee. The fact that he's not  
7 an American citizen, the fact that his sister disappeared, the  
8 fact that he speaks a bunch of languages, and there's a lot of  
9 money involved in this fraud is opportunity to flee but not  
10 inclination.

11 Indicia of fraud, for me, is fake IDs, fake travel  
12 documents, taking on multiple identifications, like what  
13 happened in the Boustani case when bail was denied. That's a  
14 different situation.

15 In addition, we just heard -- this is the kind of  
16 thing that's so frustrating as a defense lawyer at a bail level  
17 and a bail hearing. We heard now that he has a high-level  
18 executive position and a very substantial role in OneCoin.  
19 That was just said minutes ago. And the reason why it was sort  
20 of toned down a little bit was because, frankly, it's ludicrous  
21 to suggest that he's now at the level of Ruja Ignatov.

22 What does it say in the complaint in paragraph 6? He  
23 rose to the top leadership position. He's not. And I don't  
24 think -- and the government seemingly cleared that up by saying  
25 that he is a high-level executive position and has a very

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1 substantial -- now, I'm not suggesting that that's not  
2 significant in its own right. The point is that the effort to  
3 go a little further to demonize him and make ensure he doesn't  
4 get bail exists.

5 And the same thing, with regard to Ruja, that he's  
6 had, the most absurd thing, that he hasn't had any  
7 communication with Ruja since she disappeared. Well, it's now  
8 the end of June of 2019. They've got a zillion pieces of paper  
9 in this case. I think, at one point, one of the lawyers that  
10 said they've never had a case with so much evidence. Well,  
11 there's the communications between Konstantin and his sister?  
12 Where are the texts? Where are the encrypted texts that were  
13 turned over, as well, that don't show the body of the texts of  
14 what was said, but the fact that there was communication?

15 There's simply no evidence, your Honor. What they  
16 give you instead is in February 2018, there's a document that's  
17 apparently prepared, and I think signed by the sister, of power  
18 of attorney. Where's the communication? Is there any  
19 communication at all? There simply isn't, Judge. There simply  
20 isn't.

21 So what we have is we just take them, and we sort of  
22 take a round peg and we squeeze them into a square hole. Well,  
23 it's Ruja's brother. Isn't that enough, Judge? It really  
24 isn't. It really isn't. This is a guy that was stacking boxes  
25 in Porsche in June of 2016, doesn't become a so-called leader

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1 until the end of 2017, and then a year later he gets arrested.

2 And we're told, well, when he came to America at the  
3 end of June in 2018, six months or eight months after his  
4 sister was indicted and disappeared, well, he just touched down  
5 for a couple of hours. Judge, with all respect, when the  
6 government wants you and they have -- you know, you're tagged  
7 on the computer, it doesn't make a difference if you are  
8 sitting on the tarmac for 35 minutes. They grab you, and  
9 that's all prepared.

10 To suggest that, well, the reason they didn't get him  
11 was just simply because he was only there on a stopover.  
12 Please, we know better. This is just an effort to make it  
13 appear that he is more likely to disappear. There is not a  
14 single indicia of fraud that he's done, other than lying to  
15 pretrial services and customs agents.

16 Judge, we're told that these were intentional lies.  
17 Well, he was here for a week in America. Why didn't he get any  
18 legal advice? You know what, any lawyer, you can look in the  
19 Yellow Pages and find a criminal lawyer and get the first one.  
20 They'll say to you: Hey, dummy, you don't speak to people that  
21 are going to possibly arrest you. A week later, he doesn't  
22 avail himself of any advice from a lawyer. It's a lunkhead  
23 move, respectfully, and respectfully, he's the lunkhead.

24 He was the one who was put into this place by Ruja.  
25 The fact that he said that she was his best friend, Judge,

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1 respectfully, com on. Best friend? She let's him go to  
2 America, six, eight months later knowing full well that he  
3 could get arrested on the tarmac? It's just not true. He  
4 should be bail. When you compare him to the Dreiers, to the  
5 Madoffs, it's not even close.

6 THE COURT: Thank you.

7 MR. DIMASE: Judge, may I be heard very, very briefly  
8 on this?

9 THE COURT: Sure.

10 MR. DIMASE: I just want to say four very quick  
11 things. First of all, Mr. Lichtman has tried to piece or  
12 attack each individual argument the government has made, but I  
13 think it's important to note that this is really a question  
14 about the totality of the circumstances, all of these different  
15 factors, not any one in a vacuum.

16 With respect to his leadership position, I mean, the  
17 government stands by its assertion that Mr. Ignatov was running  
18 OneCoin, but we're not saying he was doing it alone. I think  
19 that's the point I'm trying to make, that he's doing it with  
20 other people and that stands to reason.

21 We do have evidence in our case that his sister has  
22 traveled on fake documents, and her disappearance, I think that  
23 should be really concerning to the Court, since it shows that  
24 this organization has the ability to get those sorts of  
25 documents.

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1               And, lastly, I just, as we said in our submission,  
2 these references to cases of American citizens who have  
3 substantial contacts in the U.S., live here, lived here all  
4 their lives, I just think they are completely inapposite to the  
5 case that's before the Court. Thank you.

6               THE COURT: Thank you. Obviously, I've reviewed the  
7 submissions that have been made, including the three over the  
8 last 20 hours or so, and I've heard the arguments, and I am  
9 going to deny the bail application. I find that, based on the  
10 totality of the circumstances, that no conditions or  
11 combination of conditions will assure Mr. Ignatov's presence at  
12 any future proceedings in this case.

13               As the government has argued, there is virtually no  
14 item in the statute which suggests that an individual might be  
15 a flight risk that does not appear in this case. First of all,  
16 obviously, Mr. Ignatov is not an American citizen and has a  
17 precious few, if any, contacts with the United States. He is a  
18 citizen of a country that does not extradite its citizens, and  
19 I was certainly aware of the case law suggesting that any  
20 waiver of extradition has no legal significance.

21               In addition, there appears to be no dispute -- well,  
22 there's been no argument, in any event, that the evidence in  
23 this case is strong and that the charges against Mr. Ignatov  
24 are serious and that, if convicted, at least on the present  
25 count, he faces a sentence approaching the statutory maximum,

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1 which I understand is 20 years.

2 And in contrast to that, the package that was proposed  
3 was fairly light on detail, and even what detail was provided  
4 raised additional questions. For example, the lack of contact  
5 between Mr. Ignatov and his proposed signatories, the source of  
6 the millions of dollars that would be put up for the bail.

7 And the government did provide case law concerning  
8 concerns that have been raised by courts both in this district  
9 and at the Second Circuit concerning private jails, and  
10 certainly the conditions that Mr. Lichtman and Mr. Einhorn have  
11 suggested or proposed for the bail package essentially describe  
12 a private jail. Mr. Ignatov would be in an apartment 24 hours  
13 a day under armed guard, no contact or no communication with  
14 the world, except as such communication that may be approved by  
15 the Court.

16 Well, that's his life at the MCC today, and I do think  
17 it significant, very significant that Mr. Ignatov's sister,  
18 Ms. Ignatova, is herself currently a fugitive of these charges.  
19 It certainly suggests, at the very least, sort of Mr. Ignatov's  
20 ability to abscond and to successfully remain a fugitive.

21 In addition, he appears to have access to a large  
22 amount of money and has engaged over the course of his life in  
23 extensive international travel. Moreover, some information has  
24 been provided to the Court suggesting that the organization  
25 OneCoin and its operators have successfully bribed government

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1 officials in countries in Europe, Asia, South America.

2 So all of those factors together suggest very  
3 strongly, and I conclude that there is no condition or  
4 combination of conditions that will reasonably assure  
5 Mr. Ignatov's presence at future court appearance.

6 Is there anything else that we can do today?  
7 Mr. Dimase?

8 MR. DIMASE: No, your Honor. I believe we have  
9 another conference already scheduled in the case, through which  
10 date the speedy trial time has been excluded. So the  
11 government does not have any additional applications at this  
12 time.

13 THE COURT: Mr. Lichtman?

14 MR. LICHTMAN: Nothing from us, your Honor.

15 THE COURT: In that event, we're adjourned. Thank  
16 you, folks. Have a good weekend.

17 (Adjourned)

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